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Cotton and Products Annual

West Africa Cotton and Products Update

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Report Highlights:

Post forecasts MY (Oct-Sept) 2012/13 seed cotton production to increase 17 percent (205,000 tons) compared to MY 2011/12 Post estimates. MY 2012/13 farm gate seed cotton prices have not been released yet, except for Mali's 255 F CFA (\$0.51) per kg. Despite unfavorable rainy conditions in the Sahel with late and irregular rains that ceased earlier than expected, MY 2011/12 seed cotton production may increase 40 percent (341,000 tons) compared to year before. MY 2011/12 farm gate prices drove farmers back to cotton fields and expand area planted. The big news is Mali could reach a record 445,000 tons (83 percent increase), followed by Burkina Faso at 400,000 tons (18 percent increase). Only Senegal's seed cotton production dropped (23 percent) in MY 2011/12.

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West African Cotton MY 2011/2012 Update on Selected Countries ¹

Burkina Faso

MY 2011/12 seed cotton production should increase 62,000 tons from MY 2010/11 (338,000 tons). Mali has surpassed Burkina Faso as top cotton producer in West Africa (*See table 1*).

At the beginning of the campaign, the *Government of Burkina Faso* (GOBF) set the initial target for seed cotton production at 600,000 tons, but several factors prevented it from reaching its initial goal hampered by farmers' refusal to plant at the beginning of the season unless they received a 174 percent increase from last year's 182 F CFA per kg. farm gate price. In addition, lack of rains and short duration prevented latest capsules from maturing which lead to cotton yield decrease expected to reach only 0.770 tons per hectare compared to 0.845 tons per hectare the previous year.

On April, 4, 2012, Burkina Faso organized a 4-day meeting to address the sustainable recovery of cotton production to improve its contribution to the national economy. This event assembled more than 450 partners involved in the cotton sector including GOBF, donors, and private sector. It addressed:

- organizational and institutional arrangements in the cotton sector
- seed cotton farm gate price fixing mechanism and smoothing mechanism
- inputs supply procedures, pricing and credit

Post expects MY 2012/13 farm gate cotton price and forecasts to be announced by end of April.

Post understands that the draft of the biosafety law is being revised by the National Biosafety Agency (NBA) to incorporate comments from partners and slated to be adopted at the next national assembly session on April 19, 2012. However, Post has heard the deadline will likely be extended again.

Mali

MY 2011/12 seed cotton production increased considerably despite lack of rains and early cessation of rainfall. It is estimated to reach 445,000 tons, an 83 percent increase compared to the previous year (243,000 tons), making Mali the top cotton producer in West Africa this year (*See table 1*). Yield was lower than expected but higher than the previous year (0.933 tons compared to 0.852 tons per hectare).

This campaign's production increase is due mainly to efforts by the *Government of Mali* (GOM) and the *Compagnie Malienne pour le Développement des Textiles* (CMDT) to motivate farmers to grow more cotton by:

¹ Includes Burkina Faso, Chad, Cote d'Ivoire, Mali and Senegal. Benin is now covered by FAS Lagos. (Note - For more information on the history and structure of the cotton sector in West Africa, refer to GAIN reports [SG7011](#), [SG7020](#), [SG8001](#), [SG8012](#) and [SG8020](#) and http://gain.fas.usda.gov/RecentGAINPublications/CottonandProductsAnnual_Dakar_Senegal_3-25-2011.pdf).

- organizing a national forum on May 2011 and an awareness campaign to convince all cotton producers in the country to return to cotton production or increase area planted to boost seed cotton production in the country,
- increasing MY 2011/12 farm gate price by 38 percent to \$0.51 (255 F CFA/kg.) compared to \$0.37 (185 F CFA/kg.) in MY 2010/11. This led to an increase in area harvested by 67 percent (477,000 ha in MY 2011/12 compared to 286,000 ha in MY 2010/11),
- subsidizing input prices (\$25 for 50 kg fertilizer bag),
- increasing input subsidy prices, estimated at \$38 million (19 billion CFA) for MY 2011/12 compared to \$20 million (10 billion CFA) in MY 2010/11,
- settling all debts from MY 2010/11 of CMDT to its cotton producers and within farmer's cooperatives before April 2011, and
- delivering total inputs before start of the campaign.

For MY 2012/13, CMDT forecasts a 24 percent increase (550,000 tons) in seed cotton production. However, Post believes it may reach 500,000 tons in MY 2012/13, if rainy conditions are good.

Seed cotton farm gate price for MY 2012/13 will be fixed at the same price as the previous year (255 F CFA ~ \$0.51 per kg).

CMDT has not completed the privatization process of its four subsidiaries. The bidding process started in 2010 and the Chinese company, *Yue Mei*, was selected last year to buy two subsidiaries located in the west (Kita region) and south (Sikasso and Bougouni regions). This had been slated to be completed by the end of this year, but this is uncertain.

The two other subsidiaries located in the center (Fana region) and northeast (Koutiala and San regions) are not privatized. The government is planning to have a new tender and complete sales by the end of 2012 for either two subsidiaries or all four (if the negotiations with *Yue Mei* do not succeed).

Given the current political and security situation in Mali, it is worth noting that cotton production lies in the government controlled portion of the country, and there is little foreseeable impact on the next marketing campaign. However, over the coming months, the situation could change and estimates revised accordingly.

Cote d'Ivoire

Cote d'Ivoire's cotton production is the main source of revenue in the north and the center of the country and also has socio-economic impact. Since the crisis, the cotton sector, representing 7 percent of the agricultural export revenue in 2001, dropped dramatically from \$200 million (100 billion CFA) in 2001 to \$58 million (29 billion CFA) in 2009. The previous administration's 2007 strategic plan to boost cotton production to 350,000 tons came up short of target.



Bales of Ivorian cotton loaded for transport
(Source: FAS Dakar)

The cotton sector has rebounded significantly, and the *Government of Cote d'Ivoire* (GOCI) expects to produce 240,000 tons in MY 2011/12 representing 37 percent increase compared to MY 2010/11 with a yield of 0.921 tons per hectare compared to 0.804 tons per hectare the previous year (*See table 1*).

Since May 2011, the new president of Cote d'Ivoire, Mr. Alassane Dramane Outarra, has been working to reform the cotton sector. In June 2011, the farm gate cotton price was increased 26 percent compared to the previous year, the highest price in the region. Input prices were reduced by 25 percent for MY

2011/12 [\$26.67 (12,000 F CFA) per 50 kg bag of urea; to \$29.17 (13,125 F CFA per 50 kg bag of fertilizers)] representing government subsidies for \$14 million (7 billion CFA). Subsidies were paid to cotton companies for \$20 million (10 billion CFA) during MY 2008/09 and MY 2009/10. The 2011 registration fees \$0.005 per kg (2.5 F CFA/kg) of exported fiber were suspended. These measures motivated farmers to return to cotton (70,000 to 73,000 farmers), increase area planted and seed cotton production for MY 2011/12. Post believes that GOCI can produce 300,000 tons in MY 2012/13 if farmers continue to be motivated.

Chad

In MY 2011/12, Chadian farmers were motivated to grow more cotton after the *Government of Chad* (GOC) settled all debts owed to farmers from the previous campaign. In addition, the MY 2011/12 seed cotton farm gate price increased after being fixed for many years [215 F CFA (\$0.43)/kg. against 180 F CFA (\$0.36)/kg.].

The newly formed cotton processing company Cotontchad SN, in which GOC is the main shareholder, is expected to process 70,000 tons of seed cotton for MY 2011/12 on 170,000 ha harvested (*See table 1*). Cotontchad SN forecasts a 43 percent increase to 100,000 tons for MY 2012/13. Consequently, MY 2012/13 fertilizers have been ordered on time, and half of it has already been delivered. The remaining is on its way and will reach the country before the campaign starts.

Post believes that this forecast may be reached if farmers continue producing cotton with an attractive farm gate price.

Senegal

Senegal was hit by lack of rains in MY 2011/12 which lead seed cotton production to fall short of its initial target of 50,000 tons. Only 20,000 tons were produced in MY 2011/12 representing only a 23 percent decrease compared to the previous year (26,000 tons). Yields decreased 22 percent (0.771 ton per hectare) compared to 0.944 tons per hectare in MY 2010/11 (See table 1). The area harvested also decreased 3 percent compared to the previous year and 26 percent compared to the 5 previous years. Post believes seed cotton production could reach 30,000 tons for MY 2012/13 if rainy conditions are good, and yield improves.

Table 1: Seed Cotton Production: MY 2010/11 – MY 2012/13

	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13
	USDA Official Production	Post and Government data Production	Post Forecast Production	USDA Official Production	Post and Government data Production	Post Forecast Production
	(000 Bales)	(000 Bales)	(000 Bales)	(000 Tons)	(000 Tons)	(000 Tons)
Burkina Faso	652	772	869	338	400	450
Mali	470	858	965	243	445	500
Cote d'Ivoire	337	463	580	175	240	300
Chad	100	135	193	52	70	100
Senegal	50	39	58	26	20	30
Total	1,610	2,267	2,664	834	1,175	1,380

*1 Bale = 480 lbs.

(Source: FAS Dakar estimates and official country data)

Table 2: Official Farm Gate Price for First Quality Seed Cotton MY 2010/11 – MY 2012/13

Selected Countries	Official 2010/11 Farm Gate Price for First Quality (F CFA)	Official 2011/12 Farm Gate Price for First Quality (F CFA)	Official 2012/13 Farm Gate Price for First Quality (F CFA)
Burkina Faso	182 (\$0.36)	245 (\$0.49)	Not determined yet
Mali	185 (\$0.37)	255 (\$0.51)	255 (\$0.51)
Cote d'Ivoire	210 (\$0.42)	265 (\$0.53)	Not determined yet
Chad	180 (\$0.36)	215 (\$0.43)	Not determined yet
Senegal	205 (\$0.41)	255 (\$0.51)	Not determined yet

(Source: Official sources; \$1= 500 F CFA; F CFA per kg)

Production, Supply and Demand Data Statistics

Burkina Faso	2010/2011	2011/2012	2012/2013
	Market Year Begin: Aug 2010	Market Year Begin: Aug 2011	Market Year Begin: Aug 2012

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	400	400	400	308		450
Beginning Stocks	169	169	140	141		38
Production	650	652	700	772		869
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	819	821	840	913		907
Exports	675	675	625	870		860
Use	4	5	4	5		5
Loss	0	0	0	0		0
Total Dom. Cons.	4	5	4	5		5
Ending Stocks	140	141	211	38		42
Total Distribution	819	821	840	913		907

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA

Mali	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	260	286	480	477		0
Beginning Stocks	92	92	92	77		50
Production	475	470	800	858		965
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	567	562	892	935		1,015
Exports	450	460	600	860		915
Use	25	25	25	25		25
Loss	0	0	0	0		0
Total Dom. Cons.	25	25	25	25		25
Ending Stocks	92	77	267	50		75
Total Distribution	567	562	892	935		1,015

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA

Cote d'Ivoire	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA	New	USDA	New	USDA	New

	Official	Post	Official	Post	Official	Post
Area Harvested	200	217	220	260		276
Beginning Stocks	160	160	148	42		55
Production	340	337	425	463		580
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	500	497	573	505		635
Exports	302	405	300	400		510
Use	50	50	50	50		50
Loss	0	0	0	0		0
Total Dom. Cons.	50	50	50	50		50
Ending Stocks	148	42	223	55		75
Total Distribution	500	497	573	505		635
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

Chad	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	100	104	115	177		200
Beginning Stocks	23	23	18	18		18
Production	100	100	115	135		193
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	123	123	133	153		211
Exports	90	90	75	120		180
Use	15	15	15	15		15
Loss	0	0	0	0		0
Total Dom. Cons.	15	15	15	15		15
Ending Stocks	18	18	43	18		16
Total Distribution	123	123	133	153		211
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

Senegal	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	27	27	40	27		32
Beginning Stocks	9	9	14	9		3
Production	50	50	77	39		58
Imports	0	0	0	0		0
MY Imports from U.S.	0	0	0	0		0
Total Supply	59	59	91	48		61
Exports	25	42	45	40		55
Use	20	8	20	5		5
Loss	0	0	0	0		0
Total Dom. Cons.	20	8	20	5		5
Ending Stocks	14	9	26	3		1
Total Distribution	59	59	91	48		61
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

List of Acronymes

CMDT	<i>Compagnie Malienne pour le Développement des Textiles</i>
GOBF	<i>Government of Burkina Faso</i>
GOC	<i>Government of Chad</i>
GOCI	<i>Government of Cote d'Ivoire</i>
GOM	<i>Government of Mali</i>